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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of Simplification of the Depreciation Prescription Process	CC Docket 92-296 [FCC 92-537]

INITIAL COMMENTS OF THE NATIONAL ASSOCIATION OF REGULATORY UTILITY COMMISSIONERS

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Pursuant to Sections 1.49, 1.415, and 1.419 of the Federal Communications Commission's ("FCC" or "Commission") Rules of Practice and Procedure, 47 C.F.R. Sections 1.49, 1.415, & 1.419 (1992), the National Association of Regulatory Utility Commissioners ("NARUC") respectfully submits these comments on the Federal Communications Commission's ("FCC" or "Commission") Notice of Proposed Rulemaking ("NPRM") adopted December 10, 1992, and released December 29, 1992, in the above-captioned proceeding.

In support of these comments, NARUC states as follows:

I. NARUC'S INTEREST

NARUC is a quasi-governmental nonprofit organization founded in 1889. Members include the governmental bodies engaged in the regulation of carriers and utilities from all fifty States, the District of Columbia, Puerto Rico, and the Virgin Islands.

NARUC's mission is to improve the quality and effectiveness of public utility regulation in America. Specifically, NARUC is composed of, inter alia, State and territorial officials charged with the duty of regulating the telecommunications common carriers within their respective borders. These officials have the obligation to assure that such telecommunications services and facilities as are required by the public convenience and necessity are established, and that service is furnished at rates that are just and reasonable.

Section 220(b) of the Communications Act of 1934, 47 U.S.C. Section 220 (1989), gives the FCC authority to establish depreciation rates as part of its authority to "...prescribe the forms of any and all accounts, records and memoranda subject to this chapter." Although, as a result of a 1986 Supreme Court case,[1] the FCC's actions in this docket cannot limit state action concerning intrastate depreciation rates, several states continue to rely, in part, on the FCC in establishing those intrastate rates. The so-called "three-way meeting process" has, for these states, been very productive.

Because of this potential impact on State commission procedures, and NARUC's stated goal of promoting more efficient regulation, NARUC has an interest in this proceeding.

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[1] Louisiana Public Service Commission v. FCC, 476 U.S. 355 (1986).

II. BACKGROUND

The FCC's NPRM asks for comment on proposed changes to the federal depreciation prescription process. According to the NPRM, these changes will simplify the depreciation prescription process and thereby reduce costs.

Four potential simplification schemes are specified, i.e., the "Basic Factor Range" Option, the "Depreciation Rate Range" Option, the "Depreciation Schedule" Option, and the "Price Cap Carrier" Option.

The Basic Factor Range Option establishes ranges for the basic factors that determine the parameters used in the depreciation rate formula, i.e., final net salvage (FNS), projection life and survivor curve [the basic factors that determine average remaining life (ARL)].

According to the FCC, this option eliminates the need for carriers to submit detailed studies in support of their proposed factors. Under this proposal, the FCC will continue to prescribe depreciation rates using the current depreciation rate formula. Carriers will apply the rates to plant account balances to determine their depreciation expense.

Under the second proposal, the FCC will no longer focus on the basic factors used to derive the parameters for the depreciation rate formula, but, instead will establish ranges for depreciation rates. Of course, if this option is implemented, the FCC will not use the depreciation rate formula to derive rates. However, carriers will continue to apply depreciation rates to their plant account balances to determine their depreciation expense.

The third proposal, i.e., the Depreciation Schedule Option, establishes a depreciation schedule for each plant account based upon a Commission-specified average service life, retirement pattern, and net salvage value. Carriers will then apply the schedule to their investments by vintage.

The final proposal, i.e., Price Cap Carrier Option, will be available only to price cap carriers. This option allows price cap carriers to file depreciation rates with no supporting data. After the proposed rates are filed, the Commission would issue a Public Notice seeking comment on the proposed rates, and presumably prescribe the depreciation rates based upon the "record" in the proceeding.

In addition, the NPRM also seeks comment on whether cost of removal and salvage should be removed from the depreciation process and booked as current period charges and credits.

III. DISCUSSION

NARUC appreciates the opportunity to offer comments in this rulemaking. As State regulators responsible for reviewing utility depreciation rate studies, and ensuring that depreciation expenses are just and reasonable, NARUC supports the FCC's efforts to simplify the depreciation prescription process and agrees that simplification and cost containment are worthwhile goals.[2]

NARUC also applauds the efforts of the FCC staff over the years to involve the States in the depreciation rate prescription process, and respectfully suggests that the cooperative effort has been of mutual benefit. In particular, the three-way meeting process mentioned earlier has been very productive and should be continued.

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[2] Industry originally estimated that its cost of determining depreciation rates ranges from $35 million to $50 million per year. As mentioned supra, cost containment is a worthwhile goal. However, it is unclear if any of the simplification options will substantially reduce these costs, as it appears a large percentage result from maintaining the accounting and property records necessary to run a well-managed communications company in a rapidly changing technological and competitive environment.

Moreover, it is likely that any simplification adopted by the FCC will not significantly reduce depreciation study expenses for a particular company, if the involved State commission requires the status quo or more detailed study data. See, e.g., the March 9, 1993 filed Initial Comments of the Nebraska Public Service Commission at page 4. Nevertheless, we agree that the current FCC prescription process is too complex and detailed, and we support simplification where appropriate. See, e.g., NPRM, paragraph 6, at pages 3 - 4.

A. THE BASIC FACTORS RANGE OPTION:

Because it assures the most accurate results by continuing to recognize an individual carrier's accumulated depreciation reserve in setting rates, this option is the most acceptable of the four options posed by the FCC.

Of the four simplification options presented in the NPRM, the basic factors range option is the most acceptable because it assures the most accurate results by, inter alia, continuing to recognize an individual carrier's accumulated depreciation reserve in setting rates.[3] This option allows carriers to select the future net salvage, projection life and survivor curve for each applicable account from within an established range. The latter two basic factors are then used to develop a remaining life for the depreciation rate.

2. Use of this proposal should be optional.

If adopted, the basic factors range option should not be mandatory. For each applicable account, carriers initially should be allowed to choose whether to use the basic factors range option

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[3] The NPRM also seeks comment on price cap treatment and continued use of the equal life group procedure (ELG) under this option. The NPRM finds that this option will have no effect on the "endogenous" treatment accorded depreciation expense. As noted supra, NARUC generally supports this option as the most acceptable proposed. However, it should be noted that carriers' ability to fine tune depreciation rates on an annual basis via annual updates and the selection of factors from within the ranges, makes the continued use of ELG appear superfluous. As stated in the NPRM, the accuracy of the survivor curve is extremely important because ELG rates are very sensitive to the shape of the curve. The questionable value of using curve shapes based on industry-wide data which may or may not bear any resemblance to a particular carrier's experience makes the continued use of ELG suspect.

or a depreciation rate based on a detailed analysis of the account. In addition, carriers should be allowed to change the basic factors within the established ranges on an annual basis in conjunction with the annual update process.

3. It is imperative for carriers to continue to maintain accurate property records.

The NPRM suggests that the initial basic factor ranges be developed from a statistical analysis of the basic factors underlying currently prescribed rates and raises the possibility that implementation option may take place over a three year period. In addition, it is obvious that under this option, the ranges must be reviewed and updated periodically, *e.g.*, once every five years, using industry-wide information. It is imperative, therefore, that, during any implementation period and beyond, the carriers continue to maintain continuing property records and mortality data for use in developing and updating the basic factor ranges.[4]

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[4] Ideally, each carrier could submit a detailed study and analysis for each applicable account based upon these records. The NPRM suggests, however, that this review process could be further simplified by reviewing data at the regional operating company level or by using a sampling method. While a regional review based upon detailed records appears to have merit, it should be noted that studies based on industry-wide sampling would be subject to a much greater degree of imprecision.

B. DEPRECIATION RATE RANGE OPTION:

This option is deficient as it largely discards the basic depreciation principle of matching expense to capital consumption, ignores basic life and salvage factors and is not sensitive to the depreciation reserve position of individual carriers.

This proposal requires the FCC to establish depreciation rates for each applicable account rather than a range of lives, net salvages and survivor curves. The primary difference between this option and the basic factor rate range option is that rates would be established without resorting to the formula the FCC now uses to set depreciation rates. As the NPRM acknowledges, this gives the carriers "a degree of flexibility they have never had under [the FCC's] depreciation regulation." NPRM, paragraph 26, mimeo at 10.

While the goal of simplification is commendable, it is important to remember that, conceptually, depreciation procedures are intended to match expense with capital consumption. Under this option, that fundamental depreciation principle would no longer be of consequence, since basic life and salvage factors would be ignored; moreover, this option is not sensitive to the reserve position of the individual carrier, whose reserve could be quite different from the calculated "industry average."[5]

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[5] The NPRM tentatively concludes that initial rate ranges should be established from a statistical analysis of current industry-wide rates. Establishing a rate range based on present rates would include effects of growth, ELG, and reserve, all of which vary among companies. The result would have little meaning as an average. Also, an industry reserve built into the rate would result in over- and under-recoveries unless the carrier's reserve just happened to follow the industry reserve position.

For these reasons, <u>this option is deficient and should not be considered</u>.

If the FCC does not find NARUC's comments persuasive and determines to implement this proposal, use by individual carriers should not be mandatory. For any given account, carriers initially should be allowed to choose whether to use the rate range option or a depreciation rate based on a traditional analysis and study of life, net salvage and reserve factors. In addition, a change in rates within the established range should be allowed on an annual basis in conjunction with the annual update process.

Also, as with the Basic option, it is clear that future periodic review of the ranges must be made. However, a review of rates would be difficult unless a comprehensive review of basic life, salvage and reserve factors for each of the applicable accounts is first made. Accordingly, the FCC must assure that carriers continue to maintain accurate continuing property records.

Two related issues on which the NPRM seeks comments are price cap treatment and accumulated depreciation imbalances. The NPRM properly determines that the rate range option should have no effect on the endogenous treatment accorded depreciation expense changes under price cap regulation. NARUC does not agree, however, that this option would require a reserve true-up mechanism. As noted earlier, the rate ranges would be based on existing rates which utilize the remaining life formula. There is little logic, in associating a reserve true-up mechanism with a remaining life rate. The fact that this option could result in over- and under-recoveries due, primarily, to its use of an "industry" reserve position rather than that of a given carrier, simply highlights the inadequacy of this approach.

C. DEPRECIATION SCHEDULE OPTION:

This option represents a further deviation from the fundamental principle of matching expense to capital consumption and should not be considered a viable option.

Under this option the FCC establishes a depreciation schedule for <u>each plant account</u> based upon a Commission-specified average service life, retirement pattern, and net salvage value. Carriers will then apply the schedule to their investments by vintage. While the depreciation schedule option may offer a greater degree of expense certainty, it is not reserve-sensitive. If investments do not survive in accord with the FCC's established life and retirement patterns, under- and over-recoveries will occur, the extent of which will not be known until the end of the life of the given vintage.[6] Consequently, <u>this option represents a further deviation from the fundamental depreciation principle of matching expense to capital consumption</u>.

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6 While schedules would be <u>designed</u> to recover 100% of investment over a selected "service life" for a given account, in actuality that service life will not necessarily relate to the period the equipment actually serves the public. To the extent a particular vintage survives longer (or shorter) than the determined life, there will be a mismatch of expense with consumption.

It is also unclear from the NPRM if this option will result in a separate schedule for each vintage of a given account. If so, then certainly the goal of simplification will not be achieved. A single average service life, retirement pattern and net salvage would be applied to a given account for all carriers, providing less flexibility than the previously discussed options. Carrier specific circumstances would be of no consequence. Accordingly, NARUC contends this option should be rejected.

As with the other options, the depreciation schedule option, if adopted, should not be mandatory. For any given account, carriers initially should be allowed to choose whether to use the schedule option or a depreciation rate based on a traditional analysis. Also, as with the other three proposals, the FCC must assure that carriers choosing this option continue to maintain accurate continuing property records.

D. THE PRICE CAP OPTION:

This option should not be adopted under any form of earnings regulation because, by leaving the choice of depreciation rates to the carriers, it provides an incentive to manipulate depreciation expense to produce a desired level of earnings.

The treatment of depreciation expense under the FCC's price cap scheme has been controversial. Many LECs originally argued that because depreciation rates are regulated and prescribed by an outside source (the FCC), they should be categorized as "exogenous" for purposes of calculating the price cap index.

The FCC correctly ruled that depreciation rates are merely the end result of a company's internal construction program which dictates plant additions and retirements - the key factors in determining depreciation rates. If depreciation expenses are instead "endogenous", the LECs' paradigm, if taken to its logical conclusion, suggests that LECs be granted unfettered freedom in setting the rates. This suggestion appears to be the basis for proposing this option. However, implicit in this model is the faulty [and unstated] premise that the FCC is not prescribing accurate depreciation rates.

Of course, the Price Cap Carrier Option is more consistent with the concept of depreciation being considered an endogenous expense change. Under a <u>pure price cap scenario</u> with <u>no earnings regulation or oversight</u>, the proposed Price Cap Carrier Option may well have merit. Under such circumstances, there would be less incentive to manipulate depreciation expenses because there would be no danger of the company having to share or give up revenue resulting from over-earnings. However, under the FCC's present price cap scheme, which clearly retains earnings regulation, <u>there is a strong incentive to either hold down depreciation expenses if the company is earning below its authorized return, or increase them if the company is earning above or near the upper end of its authorized return</u>. Under any form of earnings regulation, there is a potential incentive to manipulate depreciation expenses in order to produce the desired level of earnings.

Even under a pure price cap regulatory scheme there could still be a temptation to increase or decrease depreciation expense to achieve the desired level of earnings simply because this expense could be controlled more easily than other expenses.[7] Accordingly, it would be appropriate to employ this option only in a regulatory environment which has no earnings oversight.[8]

As with the other three proposals, if, in spite of NARUC's comments, the FCC decides to adopt this option, it should assure that carriers continue to maintain accurate continuing property records and leave use of the option to each eligible carrier's discretion.

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[7] However, under a pure price cap regulatory scheme, the company would be constrained by the knowledge that short term decisions to influence earnings could have adverse effects on long term capital recovery goals, *i.e.*, under a pure price cap scheme, it is unlikely that companies would retain any options to seek extraordinary regulatory recognition via special amortizations, *e.g.*, reserve deficiency amortizations funded by ratepayers, or other forms of relief.

[8] It is also unclear if this option adequately addresses the legal requirements imposed by the Administrative Procedure Act, 5 U.S.C. Section 552 et seq., concerning a factual basis/record for agency action. Moreover, it appears that this option undercuts the policy implicit in 47 U.S.C. Sec. 220's requirement for consultation with states by removing any meaningful opportunity for state comments on the "LEC prescribed" depreciation rates.

E. COST OF REMOVAL AND SALVAGE

The possibility of changing the accounting treatment for Cost of Removal and Salvage to Current Period Accounting has merit and should be examined in depth to address other questions not present in the NPRM.

NARUC welcomes the opportunity this NPRM provides to comment on the current system of accounting for cost of removal and salvage. The long-standing practice of including the estimated effects of cost of removal and salvage in depreciation rates results in further complication of the depreciation process, and a thorough review of this practice is overdue.

In 1984 the FCC issued a Notice of Inquiry (NOI) on this subject in response to recommendations of the Telecommunications Industry Advisory Group (TIAG) and received comments from interested parties, but then did not pursue the matter to conclusion. The TIAG proposal only recommended current period accounting for gross salvage but not cost of removal, which appears to be the more troublesome factor.

Estimating cost of removal and salvage is not easy. In general, it can be argued that there is a greater degree of uncertainty about estimates of cost of removal and salvage than with estimates of service life and survivor curve shape. Historic cost of removal and salvage data is frequently sparse and erratic, a fact which complicates forecasts. This is the source of much controversy in the re-prescription process.

Current period accounting would have a number of advantages compared to the existing system.

First, it would eliminate the need to study cost of removal and salvage, thereby simplifying the depreciation prescription process automatically. As indicated in the NPRM, this should result in administrative savings.

Second, the removal of two speculative factors from the depreciation rate setting process would guarantee more overall accuracy.

Third, adoption should lead to improved utility accountability for cost of removal, since financial operating results, including district and regional results, would be directly impacted by these costs.

Fourth, for those plant categories where net salvage has demonstrated an increasing negative trend, the effects of that trend on depreciation rates would be stabilized.

Fifth, in those predominant circumstances where overall future net salvage is expected to be negative, depreciation reserve deficiencies would be reduced.

The NPRM asks for quantification of the effects of current period accounting on carrier income statements. Attached are tables which show the calculated effects of the change on the State operations of several telephone companies for a band of past years.[9] These indicate that a switch to current period accounting would, for the most part, decrease telephone company revenue requirements, i.e., increase net income.

The NPRM also asks for comment on whether the change to current period accounting would be contrary to Generally Accepted Accounting Principles. We believe this question and others concerning, inter alia, possible tax consequences and the implications for price cap companies, need to be examined. There are also questions concerning treatment of past depreciation accruals for cost of removal and salvage, abnormal occurrences, and salvage on certain types of equipment. We do not believe, however, that the instant docket frames these issues sufficiently to resolve the overall question of current period accounting. Accordingly, NARUC respectfully suggests these and related issues should be examined in depth, perhaps in a second phase of this docket or even a separately docketed proceeding.

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[9] This data was produced in connection with a discussion paper on this subject entitled "Gross Salvage and Cost of Removal: The Case for Current Period Accounting in the Telephone Industry" by James J. Augstell, JOURNAL of the Society of Depreciation Professionals, Vol. 3, No. 1, 1991.

CONCLUSION

NARUC agrees that the current FCC depreciation prescription process is too complex and can be simplified. Of the four proposed options, the Basic Factors Range Option is the most appropriate. It assures the most accurate results by continuing to recognize an individual carrier's accumulated depreciation reserve in setting rates. In addition, NARUC believes the current accounting treatment afforded cost of removal and salvage should be examined in depth. There are several advantages to switching to current period accounting, including the possibility of decreasing carrier revenue requirements. However, there are additional questions which need to be addressed in depth via, *e.g.*, a second phase of this docket.

Respectfully Submitted,

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March 10, 1993

APPENDIX A

NARUC'S MARCH 4, 1993

RESOLUTION REGARDING

THE FEDERAL COMMUNICATIONS COMMISSION'S

NOTICE OF PROPOSED RULEMAKING

IN THE MATTER OF

SIMPLIFICATION OF THE DEPRECIATION PRESCRIPTION PROCESS

Resolution Regarding the Federal Communications Commission's Notice of Proposed Rulemaking In the Matter of Simplification of the Depreciation Prescription Process

WHEREAS, the Federal Communications Commission (FCC), by Notice of Proposed Rulemaking (NPRM) released December, 1992, has asked for comment on several possible changes to the FCC depreciation prescription process, and

WHEREAS, past cooperation between the FCC and the state commission in the review of communications carriers' depreciation rates has been of mutual benefit; and

WHEREAS, the FCC asserts in the NPRM that the proposed possible changes would simplify the depreciation prescription process and thereby reduce costs; and

WHEREAS, simplification and cost containment are worthwhile goals; and

WHEREAS, the NPRM seeks comment on a proposed Basic Factor Range Option, a proposed Depreciation Rate Range Option, a proposed Depreciation Schedule Option and a proposed Price Cap Carrier Option; and

WHEREAS, the NPRM also seeks comment on whether cost of removal and salvage should be removed from the depreciation process and booked as current period charges and credits; and

WHEREAS, the proposed Basic Factor Range Option would establish ranges for the basic factors that determine the parameters used in the depreciation rate formula, i.e., final net salvage (FNS), projection life and survivor curve; and

WHEREAS, the proposed Depreciation Schedule Option would establish a depreciation schedule for each plant account based upon a Commission-specified average service life, retirement pattern and net salvage value; and

WHEREAS, the proposed Price Cap Carrier Option would allow price cap carriers to file depreciation rates with no supporting date; now, therefore, be it

RESOLVED, that the Executive Committee of the National Association of Regulatory Utility Commissioners (NARUC), convened at its Winter in Washington, D.C., is in favor of simplifying the depreciation rate re-prescription process; and be it further

RESOLVED, that the Basic Factors Range Option is the most acceptable of the four proposed options proposed by the FCC; and be it further

RESOLVED, that the Depreciation Rate Range Option should not be considered viable because it largely discards the basic depreciation principle of matching expense to capital consumption, since it ignores basic life and salvage factors and is not sensitive to the depreciation reserve position of individual carriers; and be it further

RESOLVED, that the Depreciation Schedule Option represents a further deviation from the fundamental depreciation principle of matching expense to capital consumption and should not be considered viable; and be it further

RESOLVED, that the Price Cap Carrier Option should not be adopted under any form of earning regulation because, by leaving the choice of depreciation rates totally up to the carriers, it provides an incentive to adjust depreciation expense in order to produce a desired level of earnings; and be it further

RESOLVED, that under any form of simplification it is imperative for carriers to continue to maintain accurate continuing property records; and be it further

RESOLVED, that if any of the proposed simplification options are adopted by the FCC, their usage should be optional to the carriers; and be it further

RESOLVED, that the possibility of changing the accounting treatment for cost of removal and salvage to current period accounting has merit and should be examined in depth to address other questions not present in the NPRM, and be it further

RESOLVED, that the NARUC directs its General Counsel to file comments with the FCC expressing the position of the states, as outlined above.

Sponsored by the Committee on Finance and Technology
Adopted March 4, 1993

APPENDIX B

REVENUE REQUIREMENT EFFECT

OF THE REMOVAL OF NET SALVAGE FROM DEPRECIATION

Excerpted From

Gross Salvage and Cost of Removal:
The Case for Current Period Accounting in the Telephone Industry

by
James J. Augstell

Journal of the Society of Depreciation Professionals

Vol. 3, No. 1, 1991

TABLE A

REVENUE REQUIREMENT EFFECT OF THE REMOVAL OF NET SALVAGE FROM DEPRECIATION

(THOUSANDS OF DOLLARS)

COMPANY	YEAR	NET SALVAGE ACCRUALS	BOOKED NET SALVAGE	CHANGE IN REVENUE REQUIRE.	% OF TOT. OPER. REVENUES
PACIFIC BELL (CALIFORNIA)	1982	19,025	403	(19,428)	N/A
	1983	42,075	14,495	(56,570)	N/A
	1984	48,732	11,298	(60,030)	N/A
	1985	53,731	(10,986)	(42,745)	N/A
	1986	39,738	(630)	(39,108)	N/A
	1987	20,921	4,674	(25,595)	N/A
SOUTHWESTERN BELL (TEXAS)	1982	8,407	(5,862)	(2,545)	(0.06)
	1983	9,610	2,167	(11,777)	(0.26)
	1984	20,800	(484)	(20,316)	(0.52)
	1985	21,181	33,280	(54,461)	(1.34)
	1986	18,763	(2,887)	(15,876)	(0.39)
	1987	16,665	(23,452)	6,787	0.17
OHIO BELL	1982	1,844	(1,263)	(581)	(0.03)
	1983	1,750	(182)	(1,568)	(0.08)
	1984	3,863	(5,207)	1,344	0.08
	1985	2,828	4,867	(7,695)	(0.46)
	1986	820	2,776	(3,596)	(0.20)
	1987	13,027	5,158	(18,185)	(1.04)
MOUNTAIN BELL (COLORADO)	1982	(536)	5,803	(5,267)	N/A
	1983	415	(6,477)	6,062	N/A
	1984	(881)	15,153	(14,272)	N/A
	1985	(1,271)	(2,791)	4,062	N/A
	1986	(2,366)	2,900	(534)	N/A
	1987	(2,868)	1,488	1,380	N/A
SOUTHERN BELL (NORTH CAROLINA)	1982	1,369	(3,803)	2,434	0.26
	1983	2,945	(3,957)	1,012	0.10
	1984	3,413	5,699	(9,112)	(1.08)
	1985	2,020	7,907	(9,927)	(1.05)
	1986	1,624	4,811	(6,435)	(0.64)
	1987	2,620	4,121	(6,741)	(0.65)
GENERAL TELEPHONE (WASHINGTON)	1982	(2,188)	1,950	238	0.08
	1983	(24)	281	(257)	(0.09)
	1984	(34)	822	(788)	(0.26)
	1985	(254)	229	25	0.01
	1986	0	(563)	563	0.15
	1987	(339)	3,549	(3,210)	(0.88)
CINCINNATI BELL (OHIO)	1982	446	311	(757)	(0.22)
	1983	1,365	1,320	(2,685)	(0.72)
	1984	667	(2,883)	2,216	0.59
	1985	1,151	8,204	(9,355)	(2.43)
	1986	1,079	(1,098)	19	0.00
	1987	896	419	(1,315)	(0.31)

NOTE: AMOUNTS REPRESENTING DEREGULATED A/C 231 AND A/C 234, WHETHER ESTIMATED OR ACTUAL, HAVE BEEN ELIMINATED FROM THE ABOVE RESULTS.